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6 September 1967

MEMORANDUM OF CONVERSATION

1. This is a resume of telephone conversations between Mr. William Morell Jr. of CIA and Mr. Robert Wright, Director, Office of East-West Trade, Department of State on 29 and 30 August concerning (a) EDAC Document No. D-176, Czech Computer Cases and (b) No. D-177 COCOM Procedures on Technology Exception Cases. Present during the first conversation were [redacted] [redacted]

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2. After a short discussion with T/TF representatives, Mr. Morell phoned Mr. Wright and indicated that CIA reaction on the papers was as follows:

a. The Czechoslovak case appeared to be purely a policy matter. CIA already had furnished a substantial amount of important information on this case. The Agency had exhausted its capabilities for the time being.

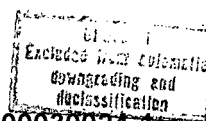
b. The State proposal that technology cases merely be discussed in the COCOM forum and not be voted on also fell into the realm of policy which nonetheless caused Bill Morell some concern. It appeared to suggest by abandonment of veto that the US government had concluded that export to Communist countries of technology was of far less important than the export of commodities made with this technology. This concern over "milk and not the cow," seemed a reversal of the historical US government position; in fact some items had been embargoed just to protect the technology.

c. In reply to Mr. Wright's contention that effective control over technical data exports did not appear to exist in COCOM,*

* [redacted] had communicated orally to Working Group I Chairman Mr. Root that a survey of all available information in CIA showed no conclusive evidence of embargoed technical data being sold by COCOM members to Communist countries. A memorandum to Mr. Root on this subject is forthcoming. This suggests that the prohibitions against shipment of technical data related to embargoed commodities are not flagrantly disregarded in COCOM, as State contends.

State Dept. review completed

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Mr. Morell said that he would hate to be in a position to explain to Congressional inquirers that after so many years effective control had not been achieved.

d. As for the possibility of France leaving COCOM, Mr. Morell said that there were other alternatives open to France besides those enumerated by State. For example, France could export the computer technology to Czechoslovakia over the US veto yet not leave COCOM. Furthermore, before deciding to flout COCOM and the US, General de Gaulle might want to consider the effect of such news on the French people. All of the choices remained bad both for France and for the US and Mr. Morell sympathized with State: domestic, strategic and diplomatic aspects of the case had to be considered.



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3. On August, in the morning, after further consultation with Mr. Morell phoned Mr. Wright again relative to technical data control and expressed specific concern over loss of US veto over communications items and video tape recorders on which a position had been taken by CIA in the past.

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